

State of the Market

LOCATION POWERED MOBILE ADVERTISING REPORT

DEEP DIVE ON **RETAIL**

Mobile location targeting: Driving consumers the “last mile.”



A senior agency executive who specializes in mobile recently articulated the high bar that mobile advertising must meet. ***“We tell our clients that mobile’s ultimate value is in pushing consumers that ‘last mile’ into their business location.”***

This report provides Verve’s insight into how retailers are using location powered mobile advertising to drive foot traffic into their businesses.

METHODOLOGY

Verve analyzed data from over 1,500 campaigns from a broad variety of retail marketers including department stores, big box, consumer electronics, specialty, convenience and grocery stores in order to pull helpful insights and themes on what works to help drive foot traffic.

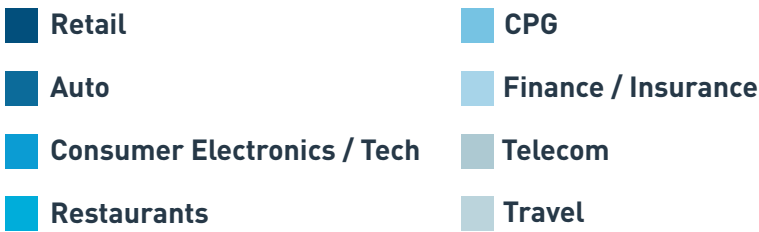
Specifically, the goals of this report are to provide marketers with insights into:

- › Which types of retailers are leveraging location powered advertising.
- › The key marketing objectives best solved by location based ad tactics.
- › What location powered targeting tactics are the most popular and effective.
- › How location quality impacts campaign performance for retailers.
- › How location data can be leveraged to measure mobile campaigns’ impact on foot traffic.

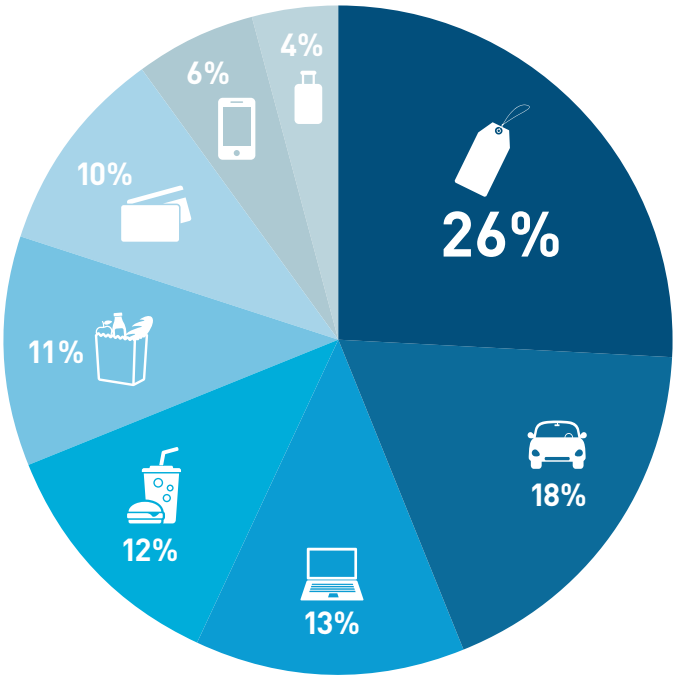
Retail is the #1 category utilizing location powered advertising.

Given mobile's role as an effective means of driving foot traffic, it's no surprise that retail is the top industry category leveraging location data for mobile advertising followed by auto, consumer electronics / tech*, and restaurants.

*Note: that a large portion of consumer electronics / tech advertising was ultimately directed to retail, e.g., 'Find a Store.'

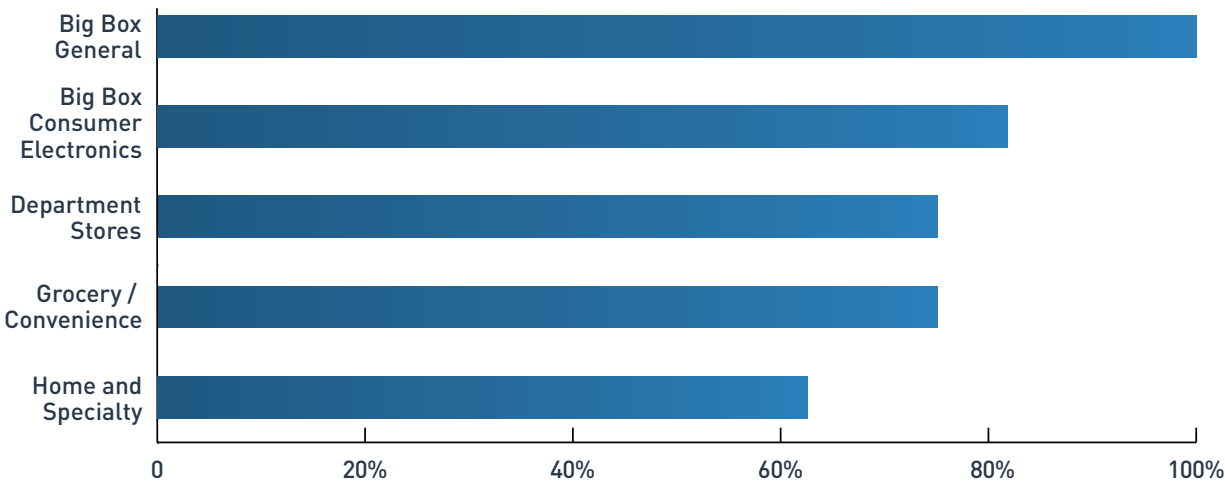


TOP CATEGORIES LEVERAGING LOCATION TARGETING STRATEGIES



Top 3 types of retailers using location powered advertising are big box, consumer electronics, and department stores.

USE OF LOCATION BASED TARGETING BY RETAIL CATEGORY

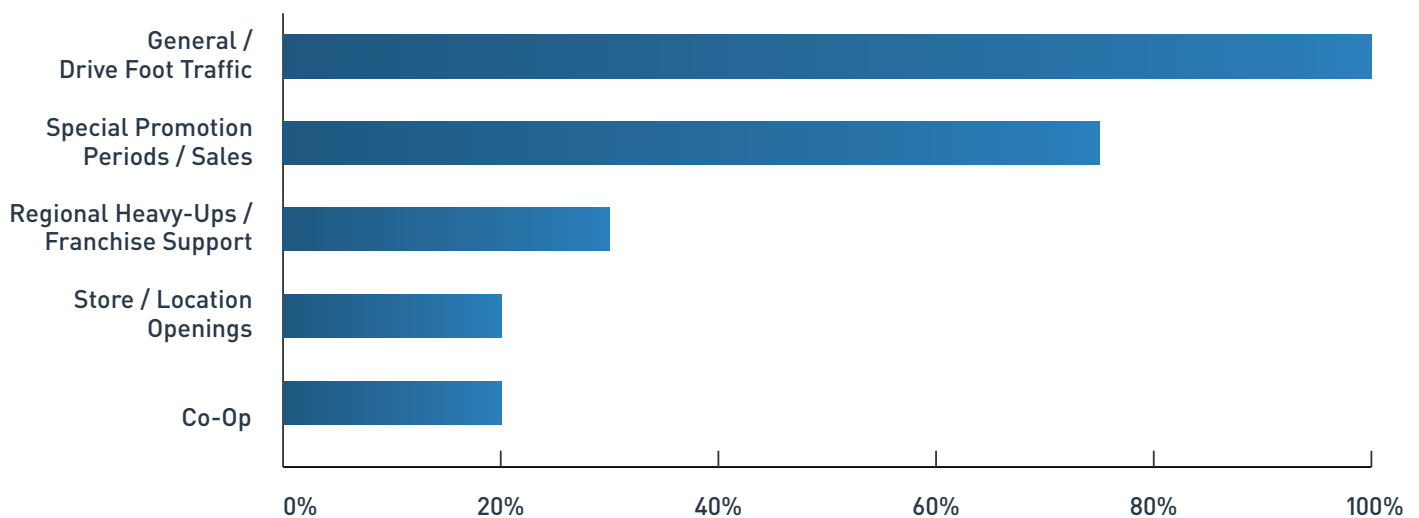


Retailers use location powered advertising to support a broad array of business objectives.

While driving foot traffic into brick-and-mortar stores remains the primary goal for location powered campaigns, retailers are finding location strategies are also effective for more specific objectives.

Alejandro Mora, Manager, Digital Media Strategy states, “We find that location based advertising is especially effective for sales events, in-store events and grand openings. Location based mobile media provides us with the ability to laser focus for short periods of time to very specific demos and geographies in order to support individual store locations.”

TOP FIVE MARKETING OBJECTIVES BEHIND LOCATION TARGETING



VERVE RETAIL SUCCESS STORY // LEARNINGS

Location stimulates event attendance

CLIENT:

Cub Cadet

GOAL:

- › Drive event attendance at key retail locations.
- › Increase consumer awareness of specific product lines.
- › Seasonal promotions.

TACTICS:

- › Geo-fencing 200+ retail locations across the U.S.
- › Dynamic, geo-aware creative.

EXECUTION:

- › Expandable tap-to-map and tap-to-calendar creative that leveraged dynamic location on initial banner.

RESULTS:

- › High average CTR of 1.10%
- › Significant increase in year-over-year attendance at retail locations.

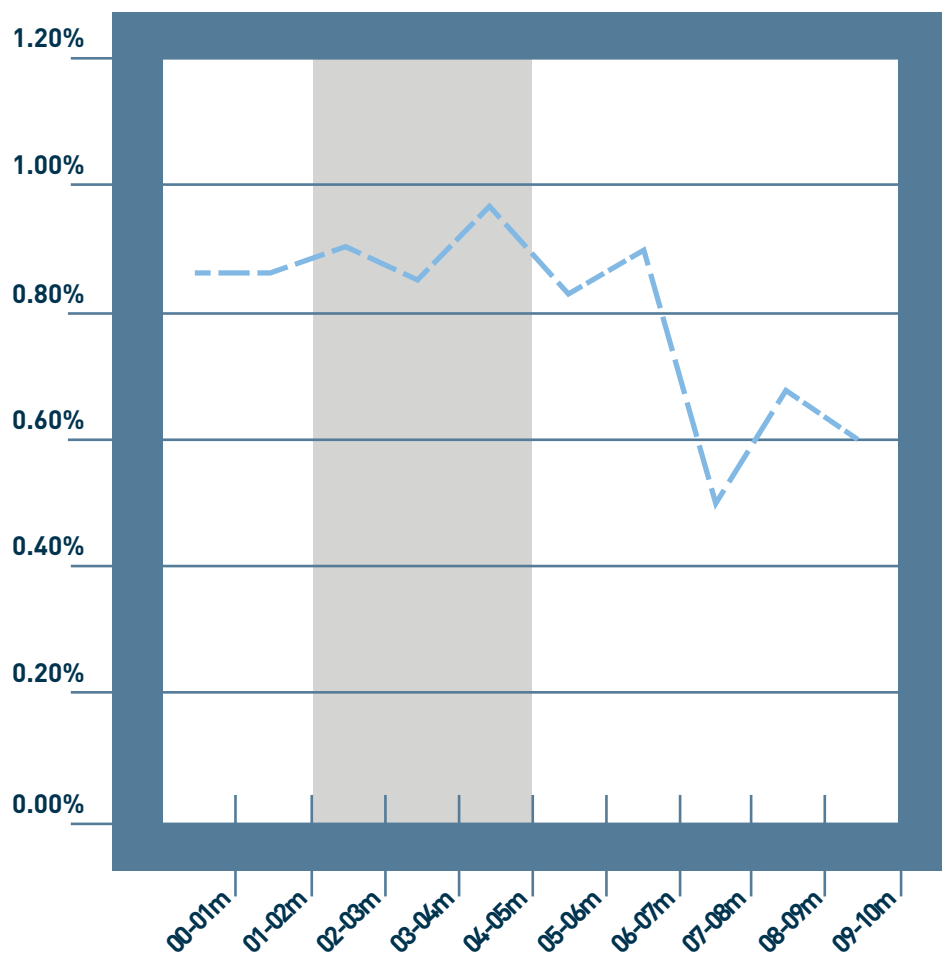


Geo-fencing which includes geo-conquesting, is the #1 most utilized location targeting strategy deployed by retailers.

Not surprisingly, retailers love geo-fencing—they want to reach consumers who are nearby and in a position to act on their message.

For retailers, proximity impacts ad performance.

Marketers often ask what the ideal distance is for implementing a geo-fence. Obviously, the right answer varies depending on the type of retailer, the objectives of the campaign, and the population density of the geography (how far consumers are willing to travel to a retail location varies greatly in densely vs. less densely populated areas). However, Verve analyzed a broad set of campaigns and discovered some interesting data points that provide directional guidance.



CTR

The data demonstrates a correlation between proximity and performance that suggests:

- › Optimal distance between 1 and 6 miles.
- › Sweet spot between 2 and 5 miles.
- › Significant drop off after 6 miles.

Combining geo-conquesting with geo-fencing can significantly improve retail campaign results.

A variation on the geo-fencing strategy that is rising in popularity among retailers is geo-conquesting: serving an ad to a consumer within a close proximity of a competitor's location.

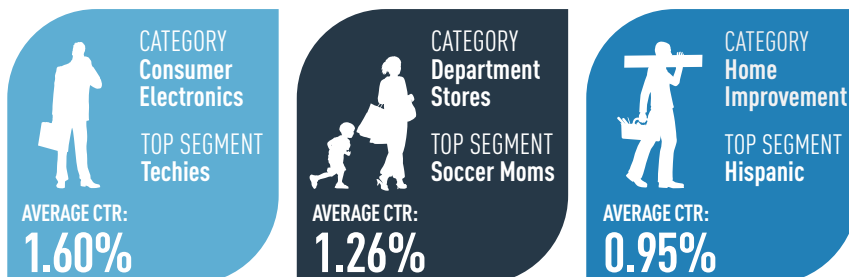
We analyzed dozens of geo-fenced mobile campaigns, and specifically those that used geo-conquesting experienced a **30% lift in overall click-through rate.**

Location-based audience targeting is the #2 most utilized strategy by retailers.

Verve has found that for many retail campaigns geo-fencing **combined** with audience targeting can be a very effective formula.

Verve's proprietary location targeting capabilities can be supplemented by third party audience targeting "layers" provided by Verve's data partners. These overlays may provide demographic data, transactional data or online audience data, among other things.¹ In addition, Verve's proprietary "Place Insights" audience solution has been highly successful for retailers.

Verve's Place Insights™ is a mobile audience targeting solution that builds audiences based on the characteristics of a user's recent locations. See white paper here <http://bitly.com/placeinsights>. Top three retail categories utilizing Place Insights audience targeting are Home Improvement, Department Stores and Consumer Electronics.



¹Verve's third party data partners include Neustar, Blue Kai, Nielsen Catalina, Polk, Factual and many others.



VERVE RETAIL SUCCESS STORY // LEARNINGS

Leveraging shopper insights

CLIENT:

Macy's

GOAL:

- › General foot traffic.
- › Increase awareness of in-store events.
- › Generate excitement and traffic around grand openings.

TACTICS:

- › Geo-fence store locations.
- › Location powered audience targeting.

EXECUTION:

- › Expandable tap-to-calendar creative that tapped through to mobile landing page with in-store event details, and directions to nearest store location.

LEARNINGS:

- › CTR performance highest between 1-2 miles from the store.
- › 3%+ of consumers tapped to save the event to their calendar.
- › Campaign performance spiked on weekends and event days, proving that consumers are looking for nearby retail deals on their mobile device.

Across all retail campaigns, quality of location data drove performance by as much as 4:1.

Verve has previously discussed the pervasive problem in location-based mobile advertising in which publishers and exchanges have generated false location data, see <http://bit.ly/vervedirtysecret>. In short, lesser quality location data, such as IP location data, is converted into a lat / long in an attempt to boost the value of that impression in the exchanges. Verve has developed unique technology that allows it to identify false lat / long data and distinguish it from true lat / long data. In a recent experiment by Verve, we found that nearly 80% of the lat / long data associated with mobile impressions in the top ad exchanges were false and found that the CTR delta between campaigns run by Verve on verified lat / long impressions and a test campaign run on unverified exchange inventory was greater than 4:1.

CTR: 1.04%

**VERIFIED
LOCATION DATA**

VS.

CTR: .23%

**UNVERIFIED
LOCATION DATA**

VERVE RETAIL SUCCESS STORY // LEARNINGS

Strategize around the customer journey

CLIENT:

Convenience store

GOAL:

- › Regional heavy-ups
- › Grand openings
- › Product promotions
- › Special events

TACTICS:

- › Geo-fence all store locations 1-5 miles.
- › Promote different products based on the time of day, e.g. coffee-product ads for the morning.

EXECUTION:

- › Dynamic, location-aware expandables, interstitials, and standard ads.

RESULTS:

- › Highly effective in driving morning and lunchtime foot traffic to key stores in which the geo-fence was implemented.



Location powered advertising works to drive foot traffic.

The power of location is evident in CTR and engagement, but Verve has also developed a unique approach to measuring the effect of mobile advertising to subsequent real-world, in-store foot traffic.

The Foot Traffic Index™ – a proprietary method of measuring the effectiveness of a mobile campaign to drive foot traffic for an advertiser using location data to identify whether a campaign drove traffic into retail locations.

Our FTI methodology consists of comparing the behavior of a control group of users to the population of users exposed to / engaged with an ad. Those users who were not previously exposed to an ad but visited an advertiser's store location / product retailer are used as the control group. The comparison between the FTI of the control group and that of the users who viewed / engaged with the ad, provides the lift in foot traffic to store locations following exposure to the ad.

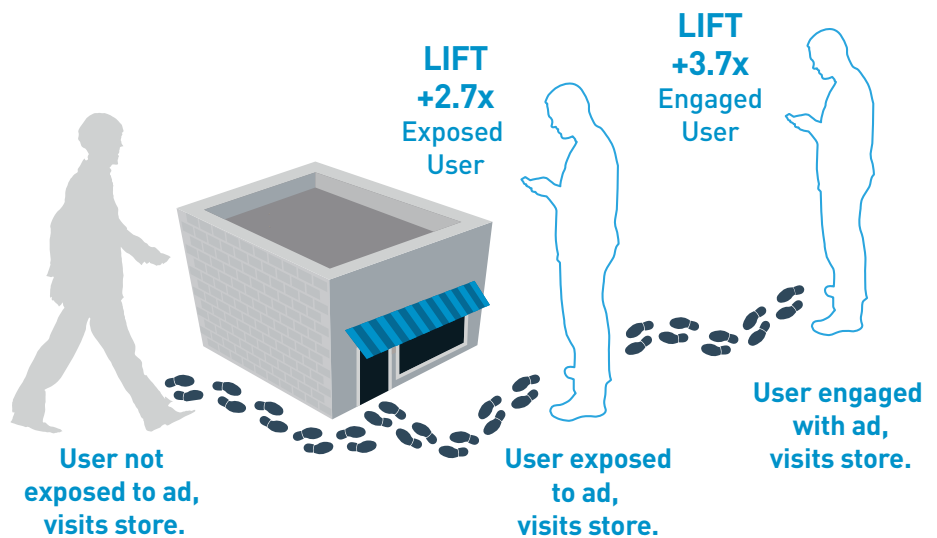
CASE STUDY

Verve recently executed a mobile campaign for a well-known CPG brand where the main objectives were to:

1. Increase awareness of a particular brand of household paper-goods product among specific audience segments;
2. Drive those consumers to key grocery chains where the product is sold.

The correlation between the two locations demonstrated a clear lift in foot traffic as a result of consumers viewing the ad.

In this case study, the Foot Traffic Index showed a 2.7x lift in visits to retailers for users exposed to the brand's ad compared to a control group of people not exposed to the ad at all. And, for those users who were both exposed to the ad and engaged with the ad, the FTI lift was 3.7x that of the control group, further demonstrating the effectiveness of location-based advertising in driving foot traffic to retail.



VERVE
Foot Traffic Index



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